

Establishment of the Buffalo Municipal Housing Authority Section 3 Business Development and Employee Training Center: A Concept Paper



The Center for Urban Studies and the Center for Educational Collaboration

This concept paper outlines a strategy to use the HUD Section 3 Act to “capture” business development and employment opportunities to empower and produce economic self-sufficiency among public housing residents and other low- and very-low income groups and to use these resources to transform their neighborhoods into great places to live, work and raise a family.

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1.0 Introduction

This *concept paper* outlines a strategy that makes it possible for the Buffalo Municipal Housing Authority (BMHA) to use Section 3 of the Housing and Urban Development (HUD) Act of 1968 to “capture” business development and employment opportunities to empower and produce economic self-sufficiency among public housing residents and other low- and very low-income groups. The strategy outlined in this *concept paper* also envisions business development and employment as the engine that drives the revitalization of the distressed neighborhoods, where these low-income residents live. For varied reasons, Section 3 has not fulfilled its promise to direct HUD generated economic opportunities to low-income Americans, thereby thwarting the goal of using fiscal resources invested in projects to benefit low-income residents as vehicles for creating opportunities for this marginalized group.

The purpose of this *concept paper* is to outline a strategy that makes it possible for BMHA to realize in practice the goal of using “existing federal funding streams for low-income housing to maximize economic opportunities to low-income individuals.” Buffalo, New York, more than most cities, needs this type of economic stimulus. The Queen City, with 30.3% of its residents living below the poverty line, is the third poorest city in the United States. When the citywide jobless rate of 37% is added to the equation, the severity of the socioeconomic problems facing the City becomes even more pronounced.

While the situation is dire for all Buffalonians, the African American and Latino populations are especially hard hit. For example, the jobless rate among blacks is the highest in the nation at 51.4%, while according to the *2010 Schott 50 State Report on Public Education and Black males*, the black male graduation rate is only 24%, one of the lowest in the nation. Thus, these two groups are overrepresented among the low- and very-low income population cohorts.

This is bad news. The national data show that most blacks who drop out of high school become unemployed with a 30% chance of serving time in prison before age 30. Moreover, because of their low-incomes, many of these males also become members of the

“unmarriageable” pool of men, thereby, contributing the problem of single female parents. The situation is equally distressful among Latinos.

The problems cited above are caused by low-wages and joblessness, operating in the context of structural unemployment, neighborhood distress and a culture of hopelessness. People growing up in a world where joblessness and low-incomes are omnipresent, lose hope in the possibility of a better tomorrow and have no understanding of the meaning of deferred gratification. In this setting, young people, especially black and Latino males, view schooling as disconnected from their lives and an inconvenient stop on the road to nowhere. So, many become dropouts, while many others that do remain in school, often underachieve academically. In both cases, these young people are sentenced to life on the economic margin. In order to change this anti-education behavior, and the negative patterns of thinking that undergird it, we must create robust communities of learning and opportunities where neighborhood residents have access to jobs and opportunities and where hope replaces despair and pessimism.

2.0 Historical Overview of the Section 3 Act

The creation of such jobs and opportunities is what Congress had in mind when the HUD Section 3 Act was enacted in 1968, following the assassination of Dr. Martin Luther King, Jr.. To create the egalitarian society that King dreamed about, Congress enacted the HUD Section 3 Act. The original intent was to turn HUD generated economic activities into jobs and business ownership opportunities for low-income groups; thereby spawning neighborhood-based economic and social multipliers that will transform their communities into great places to live, work and raise a family.

That did not happen. The good intention(s) notwithstanding, the billions spent by HUD were never translated into businesses and jobs for low-income residents. There are at least three reasons why this happened. First, the term, to the “greatest extent feasible” was used as a loophole, which enabled businesses and municipalities to largely ignore Section 3 mandates. Second, the original legislation was vague and had no strong monitoring and compliance mechanisms. Third, and perhaps most important, the legislation placed emphasis on monitoring and compliance, rather than on producing a supply of business

owners and workers with the skills and ability to take full advantage of the economic opportunities generated by HUD spending. Without the production of highly qualified Section 3 certified businesses and highly skilled Section 3 workers, low income groups would never be able to take full advantage of HUD generated economic opportunities.

When the Section 3 legislation was originally enacted, it was brief and vague. Although the provision was amended in 1969, 1974, and 1980 to increase the number of HUD programs subject to Section 3, these amendments never set priorities for exactly who the law was intended to benefit (public housing residents versus other low-income residents) or numerical goals for the number of training, employment and contracting opportunities to be generated by HUD assistance.

The 1992 amendments provided significantly more detail and guidance to those affected by the legislation. For example, the amended Section 3 defined low- and very-low income persons and business concerns, established priorities for hiring and contracting purposes, and established exactly who would benefit from the Act. These and subsequent amendments improved the Section 3 law, but still did not provide the type of monitoring and compliance mechanisms needed to make sure that Section 3 businesses and workers were able to access HUD generated economic activities. Even more important, the amendments did little to ensure the sustainable production of a plentiful supply of Section 3 businesses and workers capable of taking advantage of these opportunities.

These issues notwithstanding, the central problem with Section 3 remains the same. There is not enough stress on the production of a plentiful supply of Section 3 businesses and workers with the capacity to take advantage of HUD generated economic opportunities. Until this problem is solved, the generation of economic activities by will only minimally impact low- and very-low income inner city residents.

3.0 The Buffalo Metropolitan Opportunity Structure

Over the next five years, there will probably be more than \$5 billion in construction projects in the Buffalo metropolitan region. Many of these large and small construction projects will consist of Section 3 eligible economic activities, along with significant public

sector projects, which will require the participation of minority and women business owners and workers.

This building boom is a reflection of a shift in the Buffalo metropolitan economy from heavy industry to education and health services, professional and business services, financial services and leisure and hospitality industries. For example, the University at Buffalo 2020 Growth Plan (UB 2020), one of the largest economic development initiatives in metro Buffalo, expects to spend over \$530 million in new construction. UB is also a participant in the development of the Buffalo Niagara Medical Campus (BNMC), the key trigger of the health services and life science sector of the metropolitan economy. The BNMC represents a unique partnership among the University at Buffalo, Roswell Park Cancer Institute, Kaleida Health, and Hauptman-Woodward Medical Research Institute and a consortium of other health and community based organizations in downtown Buffalo. The ongoing development of the BNMC will generate millions in new construction, including downtown residential development projects to house the growing BNMC workforce. Moreover, the City of Buffalo is still completing a billion dollar school construction project aimed at renovating city schools.

The Erie County Industrial Development Agency (ECIDA) and its Industrial Land Development Corporation (ILDC) has recently approved tax abatement and tax-exempt financing for a number of local projects, including the adaptive reuse of the historic Lafayette Hotel and Calumet Building in downtown Buffalo, the construction of a new parking ramp for the Buffalo Niagara Medical Campus, and major projects on the Canisius and Medaille College campuses. The ECIDA's action will leverage an estimated \$115.8 million in private investment, including a proposed new \$80 million medical complex as an addition to the Buffalo Niagara Medical Campus. In addition, the ECIDA board has approved \$2.68 million for incentives that will leverage \$25.8 million in new development for local and neighborhood development projects.

The New York State Division of Housing and Community Renewal (DHCR) was recently awarded \$30 million for various community projects in the City of Buffalo and throughout the Buffalo Niagara region, which will help to develop affordable housing, revitalize downtowns, and upgrade water and sewer systems. This funding is expected to create a

total of \$105 million in overall economic activity by leveraging \$75 million in additional private and federal and local public funding. To strengthen the hospitality and tourism economic sector, Erie Canal Harbor Development Corporation (ECHDC), a subsidiary of the New York Empire State Development Corporation (ESD), heads the Buffalo Waterfront Revitalization project. The ECHDC will spend about \$105 million on the redevelopment of Buffalo's waterfront. In addition, the New York State Thruway Authority has announced close to 200 million in new road construction for Western New York.

When the full range of public construction projects are added to this list, along with HUD generated building projects, the total is likely rise above this \$5 billion dollar mark. Collectively, these metro Buffalo construction projects will create opportunities for business development, along with thousands of construction jobs, including laborers, carpenters, masons, iron workers, roofers, plumbers, sheetmetal workers and electricians.

The problem is that many African Americans, Latinos and low-income whites will not be able to take advantage of these opportunities. Although these public building projects, including HUD generated projects, operate in a highly regulated environment designed to create "equal" access to jobs and business opportunities, the reality is that many low-income groups, including blacks and Latinos, do not have the skills and/or capacity to take advantage of these opportunities. Unless we significantly increase the production of certified Section 3 business owners and train more qualified Section 3 construction workers, along with improving the monitoring and compliance, these unprecedented economic opportunities will only minimally impact the low- to very-low income community.

3.1 Seizing the Opportunity: the Need for a Business Development and Employee Training Institute

To seize the opportunities spawned by this unprecedented construction boom, we need to develop a training institution, which focuses exclusively on developing certified Section 3 business owners and on training Section 3 construction workers. Of course, there is no shortage of construction related training programs in the Buffalo metropolitan region; however, these programs are **not** specifically concerned with training a pool of workers to

take advantage of Section 3 HUD generated economic opportunities, nor are they concerned with recruiting large numbers of African Americans, Latinos and low-income workers to participate in them.

This is significant because programs that focus on Section 3 residents must not only **aggressively** recruit participants, but also they must embed these workers in a network of wraparound services that provide support for them and their families. The reason is that workers from troubled neighborhoods and complex family situations must be enveloped in supportive services if they are to succeed in academic and/or training environments. If the supportive services are not included as part of the training, many of these workers will not reach their potential.

Equally important, there are no programs in the region designed to support the development of Section 3 business owners. The UB School of Management Center for Entrepreneurial Leadership and the UB Center for Urban Studies AllState Minority and Women Emerging Entrepreneurial Program (MWEE) do provide a yearlong training program for minority and women business owners. This program, however, does not aggressively recruit businesses in the construction industry, nor does it provide any ongoing support for the business owners, including back office and business coaching services, once they have completed the program. Consequently, over the past seven years, only five construction firms have participated in the MWEE.

The absence of a training program that focuses on Section 3 business owners and Section 3 workers has played a significant role in the **underproduction** of low-income owners and workers with the capacity to exploit HUD generated economic opportunities. Without an adequate supply of Section 3 owners and workers, low-income groups will not be able to take advantage of the opportunities created by the metro Buffalo construction boom. The point is this: although monitoring and compliance are crucial, without an adequate supply of certified Section 3 owners and highly qualified Section 3 workers, close scrutiny will still not enable low-income groups to “capture” their fair share of HUD generated economic opportunities.

Therefore, to seize the construction related opportunities in metropolitan Buffalo, it will be necessary to create a *Section 3 Business Development and Employee Training Center*,

with the capacity to produce a sustainable supply of certified Section 3 business owners and highly skilled Section 3 construction workers. Such an institution must be able to grapple successfully with (1) pipeline and access issues (2) resource, support, and skill issues, and (3) capacity building issues.

3.1.1 Pipeline and access issues

A fundamental goal of the institute will be to construct a pipeline that connects it to residents from Buffalo's low-income communities. By creating a sustainable pool of Section 3 eligible businesses and construction workers, who are capable of taking advantage of HUD generated economic activities, will also require the development of public education campaign to cultivate interest among the general population and an aggressive recruitment campaign to encourage their enrollment in the institute. The goal is to make young people, including young adults, aware of business ownership and employment in the construction industry as viable career opportunities and to get them to enroll in the training program.

This is the first step in producing a pipeline that will lead to jobs and opportunities in the construction industry for low-income groups. By focusing on youth, their families, and communities and educating them about opportunities and pathways to accessing these jobs, we can create a robust and sustainable pool of workers and business owners who have the interest, skills, and dispositions necessary to be successful and contribute to the sustainability of the model. The key partners in this effort will include the public schools including their vocational education, parent, and adult education programs; Educational Opportunities Center, the Buffalo Employment and Training Center (BETC), and other adult education and workforce development related agencies that prepare individuals for work opportunities.

3.1.2 Resource, support, and skill issues. Low-income and minority business owners and workers not only need business management and skills training, but also they need a system of ongoing support to assist them as they acquire the skills and knowledge necessary for negotiating the demands of the construction trades. For businesses to remain viable they need to manage their finances, along with managing estimating, bidding, legal, and other issues. For long-term sustainability and growth potential,

businesses must work towards certification and special licensure, which requires additional support and training.

For workers this involves the development of a wide range of skills and abilities, as well as the soft-skills that employers need and expect. Key partners in this area include the UB School of Management Center for Entrepreneurial Leadership, institutions or higher education with related degree programs and professional organizations. Key partners will include providers of adult educational and workforce training including the Educational Opportunity Center and providers of in-service training for construction trades including Home Depot.

3.1.3 Capacity building issues. In order to create a system that is healthy and robust, we must move individual workers and businesses toward increasing capacity by helping them build strong and viable businesses and by helping them become highly qualified construction workers. The program will also assist the owners and workers become more reflective, make better decisions and grow in their ability to grapple with day-to-day challenges. Key partners will include the UB Center for Entrepreneurial Leadership; the UB School of Management; and various professional organizations within the city of Buffalo.

4.0 The BMHA Section 3 Business Development and Employee Training Center (BEDC)

The goal of the Business Development and Employee Training center is to increase the supply of certified Section 3 business owners and highly qualified Section 3 workers in metropolitan Buffalo by providing (1) management training for Certified Section 3 Business owners (2) training Section 3 workers in the building trades (3) ongoing back office support and business coaching for Section 3 business owners until they reach a development stage, where such support is no longer necessary (4) to place workers in jobs once they have been trained and (5) to create interactive linkages between the BEDC and redevelopment projects in distressed neighborhoods. Thus, the strategic plan is to produce Section 3 certified business owners and workers with the skills and abilities to “capture” HUD generated economic activities and to use these resources to recreate, rebuild and revitalize their own neighborhoods.

4.1 The Corporate Structure

The BDEC will be a unit housed in the Buffalo Municipal Housing Authority, and it will be jointly operated by the BMHA and the University at Buffalo. The UB Office of Economic Engagement, which is housed in the Office of External Affairs, will be the lead unit at the University at Buffalo. Additionally, the Center for Urban Studies, Center for Educational Collaboration, Center for Entrepreneurial Leadership and the Educational Opportunity Center will play a significant role in the activities of the BDEC.

The formation of a strategic collaboration between BMHA and the University at Buffalo in the development of the BDEC is a formula that ensures the creation of a unique and highly successful approach to business and employment training with the potential to become a national model. The BMHA's existing involvement in Section 3 programming provides a readymade foundation upon which to build a Section 3 business development and employment training program. For example, the BMHA's extensive capacity and resources, including linkages to the Section 3 population, combined with its established network of service providers and workforce development partners reflect the assets needed to form a robust Section 3 business development and employee training program.

The University at Buffalo, on the flip side, which is the region's premier institute of higher education, will provide the expertise in business management training, back office technical support, adult education and policy related expertise necessary for organizing the BDEC and implementing its programming. Moreover, the UB partnership will bring the needed credibility and recognition to the BDEC, which will be vitally important to its operations and authenticity. Moreover, UB's involvement with the BDEC will help the university realize its current effort to improve and expand opportunities for minority workforce development and the development of minority and women entrepreneurs.

A suggested process for initiating this strategic partnership is to have the BMHA Board of Directors and the UB Office of External Affairs, which is responsible for creating and strengthening the University at Buffalo's relationships with important partners, adopt a resolution identifying the vision, mission, goals and objectives and proposed organizational structure of the BDEC. The resolution would constitute a "meeting of the minds" around the purpose of the "collaboration." The resolution will also be used as the foundation for

the development of a more comprehensive memorandum of understanding between UB and the BMHA to guide the formation and start-up of the BEDC.

The following are potential policy considerations that may be reflected in the resolution:

- Make the development of the BEDC and Section 3 a priority for the BMHA, UB and other potential partners, requiring all of their respective departments to accept a role in ensuring its success.
- Develop aggressive and innovative strategies to comply with Section 3 requirements, with efforts to meet and exceed goals for contracting and employment opportunities.
- Establish a temporary BEDC Coordinator's position to create an Office of Section 3 Administration and facilitate communications and organizational development between the partners.
- Stipulate the joint appointment of a BEDC organizational advisory board.
- Propose a startup and annual budget with potential funding sources.
- Make Section 3 compliance a priority and work with partners to conduct threshold compliance reviews.

4.2 The Organizational Structure and Programmatic Framework

The BDEC will be set-up as a *one-stop training center*, which is housed in the old North Jefferson Branch Library on Jefferson Avenue in Buffalo. This is an ideal location. Not only is it near Route 33 and downtown Buffalo, but also it near the University at Buffalo and several other area universities. The BDEC administrative offices, the Back Office and the Employee Training Program will be located in this facility.

The ability of the BDEC to succeed in its quest to produce an ample supply of certified Section 3 business owners and highly trained Section 3 construction workers based on its ability to become an institution that focuses on (1) management training of Section 3 business owners (2) the development of business support services and business coaching for companies until they graduate from their formative stage of development, and (3) the provision of employment training and job placement for workers enrolled in the program.

In addition to these three main activities, the BDEC will develop a strong formative and summative evaluation component designed to chart the organization's movement toward critical benchmarks, monitor the continued needs of business owners and workers, and to monitor regional compliance with Section 3 requirements and other public sector compliance standards. The ongoing evaluation of the BDEC (formative) will ensure that the institute is continually improving its operations and making progress toward its goals. This is important because the BDEC, in collaboration with its partners, will establish rigorous enrollment, job placement, and contract targets for its participants. The meeting of these goals will be the litmus test for the success of the BDEC.

4.2.1 Administration. The BMHA and the University at Buffalo will establish an eight person Board of Directors to oversee the activities of the BDEC, with an equal number of members coming from the BMHA and UB. The board will be primarily responsible for governing the organization by establishing a policy framework, selecting, appointing and reviewing the performance of the BDEC director. The board will also be responsible for monitoring the performance of the BDEC and other duties and responsibilities spelled out in the BDEC bylaws. Additionally, the BDEC will establish a 12 person Advisory Board composed of area professional in business development, the construction industry, workforce training and public housing residents. The role of the Advisory Committee is provide advice and counsel to the Board on a range of issues relating to program development, including recruitment, job placement, estimating, and curriculum development, especially in regard to the employee training program.

4.2.2 Staffing. A full time administrative staff will be hired to manage the BDEC on a day-by-day basis (Figure 1). The staffing strategy will be based hiring a full time administrative staff including an executive director, along with directors of the *Back Office* and Employee Training program. The administrative team will also consist of five coordinators: recruitment, development, communications, evaluation and internships. The *Back Office* staff, in addition to the director, will consist of a business coach and seven coordinators: legal, accounting, estimating, bidding and contracting, procurement, compliance, prospecting, and secretarial support. Outside the director, the *Back Office* staff will be

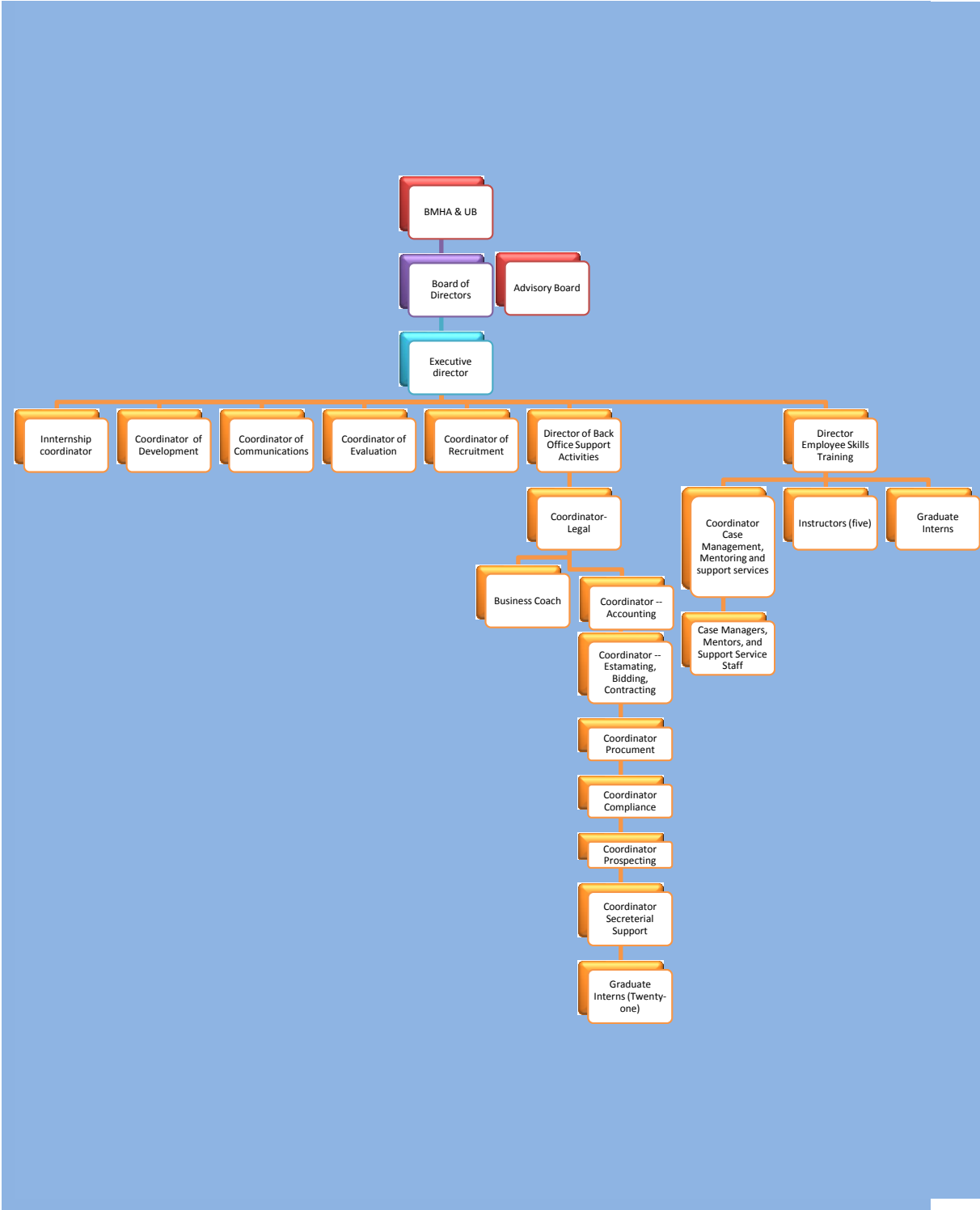
consist of loaned executives and/or subcontracts with highly trained professional. In addition, the *Back Office* will optimize the use of graduate interns, mostly from the University at Buffalo. Additionally, Bryant and Stratton will provide interns for the Secretarial Support Unit.

The hiring pattern in the Employee Training program will be similar to that of the *Back Office*. In addition to the director and coordinator of case management, mentoring and support services, it will consist of six instructors, all of whom will be highly trained subcontractors and/or loaned professionals. This unit will also optimize the utilization of graduate interns, especially from the School of Social Work. Other staff, especially in the social service areas, will be subcontracts with professionals in the appropriate service areas.

Figure One: Staff Plan for BDEC

Administration	Back Office	Employee Training Program
Executive Director	Director	Director
Administrative Assistant	Business Coach	Instructors (six)
Coordinators:	Coordinators:	Coordinator Case Management, Mentoring and Support Services
Recruitment	Legal	
Development	Accounting	Graduate Interns (10)
Communications	Estimating, Bidding and Contracting	
Evaluations	Procurement	
Internships	Compliance	
Graduate Interns (Nine, including two from secretarial support)	Prospecting	
	Secretarial Support	
	Graduate Interns (22)	

Figure Two: Organizational Chart for BDEC



4.2.3 Enrollment and Placement Targets. The BDEC will set hard enrollment targets for both the number of businesses and workers participating in the program. The start point will be 11 business certified Section 3 business owners and 200 workers per year. A minimum of 80% of the workers participating in the training program must be placed on jobs. In consultation with the Advisory Board gross income targets will be set for the businesses owners. These input and output measures will be critical evaluative benchmarks used in determining the success of the program. The coordinator of recruitment and the coordinator of evaluation will be responsible for monitoring enrollment and placement targets for the program.

The unit will work to identify pre-start up businesses and also have them enrolled in the program. It will reach out to area high schools, community colleges, as well as other area vocational training programs as a way of developing pipelines to opportunities that flow from HUD generated economic activities in metropolitan Buffalo. While concentrating primarily on construction and construction related businesses, the unit will recruit other HUD related businesses, including janitorial services, landscaping, and clerical support firms. The goal is to identify and recruit both pre-start-ups and start-ups for the program.

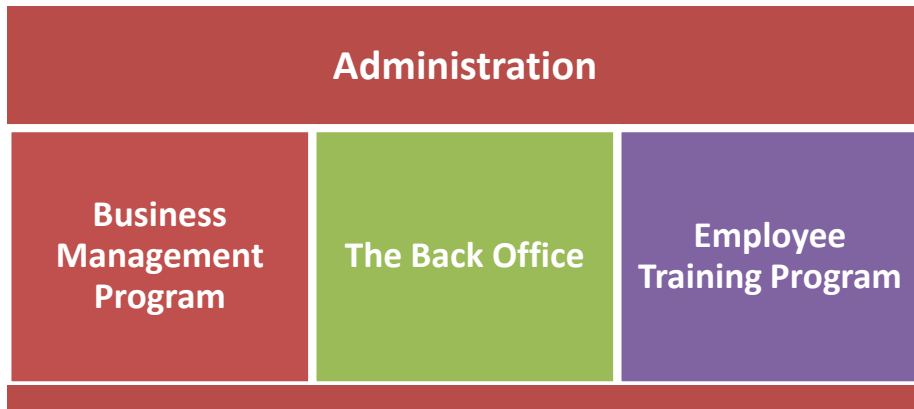
The second major activity will be the recruitment of Section 3 residents to participate in the skills training program. The unit will develop and implement a recruiting program aimed at public housing residents, residents of HUD assisted housing units, and low- and very-low income residents in Buffalo, especially among the African American and Latino populations. In this regard, the BDEC will develop working relationships with the Buffalo Public School and the UB Education Opportunity Center to identify students with an interest in the skills training program. This effort will be spearheaded based on partnerships between the BDEC and the University at Buffalo's Center for Educational Partnerships and the UB Education Opportunity Center.

4.2.4 BDEC Programming

The BDEC will consist of an administrative team and three units: Business Management and Training, the *Back Office*, and the Employee Training Center. The administrative team will be responsible for the overall coordination and administration of

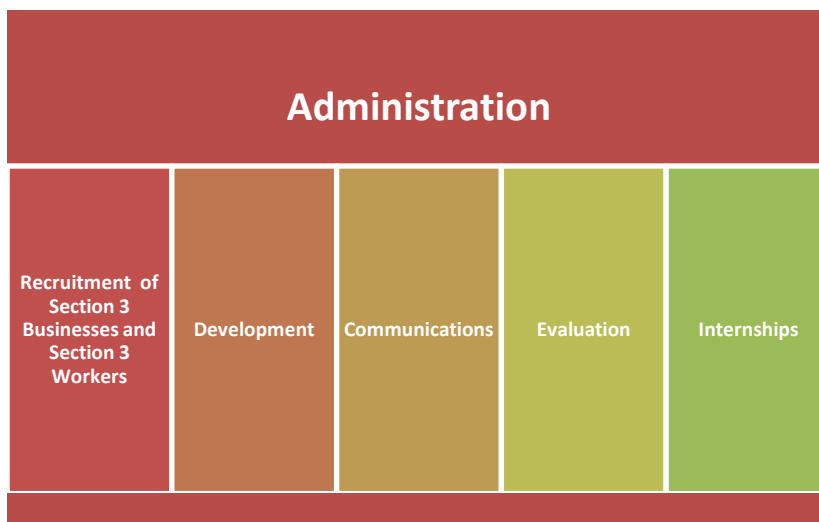
the BDEC. Its activities will include Recruitment, Development, Communications, Evaluation, and the management of the internships and mentoring program.

Figure 1: Program Structure



4.2.4.1 Administrative Team. The administrative team consists of five interactive components: recruitment, development, communications, evaluation and internships.

Figure 2: Project Administration



4.2.4.1.1 Recruitment of Section 3 Business and Section 3 Workers. The secret to making this institution successfully is the implementation of an aggressive recruitment campaign to enroll owners and workers in the BDEC programs. To facilitate the participation of owners and workers in the program, BMHA will pay workers a stipend, while BMHA will pay for the owners to attend the UB Allstate Minority and Women Emerging Entrepreneurs Program. Additionally, those owners enrolled in the program will be able to access the *Back Office* support services as long as they are eligible for participation in the program.

4.2.1.2 Development. The Coordinator of Development will be responsible for developing funding strategies to support the activities of the BDEC. This will include seeking grants and contracts to help support the BDEC business development and employment training programs, as well as monitoring HUD economic activities throughout the metropolitan region. The monitoring will be an important aspect in outreach efforts and the matching of employment, training and contracting opportunities for BDEC participants. In addition to identifying business and employment opportunities and writing grants, the development office will also be responsible for securing private contributions and sponsorship resources for the operation of BDEC.

4.2.1.3 Communications. The Coordinator of Communications will be responsible for writing and distributing reports, press releases and news on the activities of the BDEC and developing and maintaining positive relations with partners and others. A central role is to make sure that the experiences of the BDEC are known and that the lessons learned are shared with others. In addition, the Coordinator will be responsible for website development and maintenance, as well as the publication of a monthly e-newsletter.

4.2.1.4 Evaluation. The evaluation coordinator will be responsible for developing a summative and formative evaluation program for the BDEC. The position will also be responsible for monitoring the enrollment and employment targets and determining how well recruitment and placement are going. Within this context, the position will be responsible for developing a set of metric to determine the BDEC's success. An important aspect of this task will be to determine what variables should be used to determine the program's success. The position will also be responsible for developing a database that charts the experiences of owners and workers after they leave the program. This

longitudinal data will be critical to determining the long term impact of the program on its participants.

4.2.1.5 Internship. The secret to making the BDEC succeed will be the successful deployment of an army of interns. The BDEC will utilize forty-one interns in its operations. It will be the responsibility of this position to recruit, orientate, place and monitor the activities of these interns. The position will also serve as the link between the BDEC and the various institutions and academic departments supplying the interns.

4.2.2 Business Management Program

The business management and training program will be administered by the UB School of Urban Management Allstate *Minority and Women Emerging Entrepreneurs Mentoring Program* (MWEE). The goal of the program is to provide business owners with the knowledge and skills to improve the efficiency and effectiveness of their business operations, including managing day-to-day operations, estimating and bidding, financials, accounting and the knowledge and skills required for them to grow and develop their businesses. The MWEE program is a year-long program that will include business plan development, select business development seminars, and a mentoring program. Each participant in the program will be assigned a mentor, with whom he/she must meet with a minimum of four times a year.

4.2.2.1 Mentoring Sessions

The mentoring session is critical to the success of the program. The goal of these sessions is twofold. On the one hand, the idea is to provide the protégé with insights into the issues required to develop their business plan, while on the other hand, the idea is to provide insight into solving specific problems related to the development of their business.

The mentoring sessions will consist of informal discussions on topics of interest to the protégé, who will be expected to drive the session with insightful questions that focus on the development of their specific business. Meetings between protégés and mentors will be confidential to facilitate open discussions. The protégés are expected to drive the mentoring sessions, which means they must prepare carefully for the encounters with the mentors. The mentor is there to be a source of information, which the protégé must access.

Therefore, for each mentoring session, the protégé must set goals for the session and compose a set of questions about their business operations with which to probe the mentor. Additionally, the protégé is expected to listen carefully and take good notes. Through these mentoring sessions, the protégé is expected to acquire critical insight into various aspects of growing and developing their business, including estimating, bidding and contracting, maintaining inventory and revising or writing a business plan.

4.2.2.2 Business Development Seminars

In addition to the sessions with the mentors, the protégés will participate in at least five business development seminars, each of which will focus on a discrete aspect of business activity, such as marketing, accounting, and human relations. Lastly, based on the knowledge and insights gained from the mentoring sessions and the business development seminars, the protégés will be expected to develop a business plan or revise an existing business plan. These participants will be expected to make presentations of their final plans both for the MWEE program and for members of the BEDC Advisory Board and key staff members.

4.2.3 The Back Office

The *Back Office* will provide the administrative and operational support for the BEDC. The support services will include; IT, secretarial, accounting, estimating, bidding, and contracting, procurement, prospecting, legal and compliance functions. Experienced business executives from the public, private and not for profit sectors will be recruited to lead these functions and organize internships for real time training opportunities. The *Back Office* will work closely with the staff recruitment and management unit to develop staffing and outreach strategies for selecting contractors and sub-contractors, loaned executives, interns, and section 3 residents to fill positions and participate in the overall BEDC programs (Figure 2).

A key responsibility for the *Back Office* will be coordinating the work of the BEDC with the existing workforce development agencies in both the City and County. The Buffalo and Erie County Workforce Development Consortium (WDC) is a regional partnership of agencies that provide centralized and comprehensive services in employment and skill

training, job placement and employer job readiness services. The BMHA is currently a partner agency with the WDC but the development of programs, resources and funding dedicated for Section 3 initiatives has been lacking. The BEDC will help establish, new policies programs and funding priorities around Section 3 that can be supported by the WDC and its involved agencies.

Figure 3: The Back Office



The *Back Office* will also play an important role in establishing linkages with the other agencies of the WDC for support services, shared resources and data collection. An important objective for the data collection will be the development of directories for Section 3 businesses and residents ready for work. The *Back Office* will also be able to centralize a regional database around Section 3 eligible HUD funded activities and projects. As the Back Office develops and uses databases around local and regional compliance and monitoring, the BEDC will become a “go to,” resource and advisor for interested parties in Section 3 utilization planning and implementation. This capability will become especially important in helping the BMHA and City of Buffalo to new strategies in formulating and adopting Section 3 utilization plans.

A committee composed of coordinators of the *Back Office* services will establish market and non-market rates for each of the services offered. Program participants will pay below market rate for Back Office services until they reach a gross income of \$1.5

million. When this threshold is reached, the participating company will be asked to pay market rate for the Back Office services it receives, or to leave the BDEC altogether. Minority and women owned firms, as well as any firm operating in a distressed neighborhood, who are not participants in the BDEC, will still be able to use Back Office services, but they will have to pay market rates.

4.2.3.1 Accounting: this office will provide participants with access to a range of accounting services:

- Bookkeeping
- tax preparation
- Payroll services.
- Auditing

The goal is to provide the business counseling on financial issues, regarding the reconciliation of bank statements, avoidance of costly money leaks, suggestions of new programs and/or procedures to uncover additional opportunities. Each participant will be assigned to a staff member who will supervise the account and will work with the participant to develop a set of policies and procedures that will increase the overall efficiency and effectiveness of the business operations.

4.2.3.2 Procurement: This office will be concerned with technical aspects of securing business for participating firms. It will provide assistance finding and responding to:

- *Requests for Proposals*
- *Requests for Qualifications*
- Developing proposals
- Preparing contracts, invoices, memorandums of understanding
- Bonding and capital access
- Estimating, bidding and contracting
- Purchasing and inventory.

A staff member will be assigned to work with every participant and provide them with assistant in every phase of the procurement process.

4.2.3.3 Estimating, Bidding and Contracting. This office will assist owners in *estimating* the costs of their various projects. This work will include providing guidance on the collection

and analysis of data on all factors that can affect costs, such as material, labor, location, duration of the project, special machinery, including hardware and software and the like. The office will also assist owners in preparing bids on projects, as well as developing contracts for construction projects.

4.2.3.4 Compliance. This office will work with business owners to ensure they are operating in accordance to established guidelines, specifications, or legislature. It will provide the companies with assistance in complete forms and other necessary paperwork.

4.2.3.5 Prospecting. This office will focus on finding customers and getting business for the Section 3 businesses. The office will be involved in marketing, lead generation and finding places where the companies can get business. The BDEC will develop relationships with housing authorities and municipalities throughout the Western New York region. The BDEC will work closely with all units that utilize HUD funding. In particular, the BDEC will calibrate its activities with the BMHA's annual and established five year plans for services and the revitalization of its developments.

4.2.3.6 Legal. This office provides the Section 3 companies with legal advice and legal assistance to all forms of business issues, including contracting, differences on the types of businesses, etc. The legal office will also concern itself with employment related issues, such as responding to workmen compensation claims, managing unemployment, advice on hiring and promotion interviews and decisions, employee discipline, including reprimands, pay cuts and demotions.

4.2.3.7 Secretarial Support Services. The support services will do appointments, database management, flyers, billing, invoicing, filling out forms, and some word processing, developing reports, and the like.

4.2.4 Business Coaching. Business owners need more than training and back office support to succeed. They also need a coach. Business coaches are very similar to sports coaching. Their job is to help the business owner achieve optimum performance to help them gain and maintain a competitive edge by assisting them with the fundamentals of running their businesses, answer questions on a range of day-to-day decisions and providing advice on all aspects of business development, from estimating, bidding to finance, team building, system development, growth planning and the like. Business

coaches differ from mentors in that they are paid for their services and are available for consultation at any time.

4.2.4 Section 3 Employee Skills Training Program

The skills training program will have six interactive components: *skills training, education, case management, mentoring, support services, and job placement*. Partnerships will be built with the UB Educational Opportunity Center, the UB School of Social Work, Home Depot and other job training units to provide services and training for the employees at the training program worksite.

4.2.4.1 Skills Training. The skills training program is the heart of the Employee Training Program and the BDEC. It will be an intensive three month course designed to provide workers with hands on training basic skills in painting, drywalling, framing, flooring, doors and windows, cabinetry and countertops, plumbing, electrical, and roofing, siding and insulation. The students enrolled in this program will be paid a stipend by the Buffalo Municipal Housing Authority. The program will accommodate fifty students per class, or two hundred students per year. The program expects to place 80% of the students participating in the program. A sample curriculum is found in appendix B.

4.2.4.2 Education Component. Twenty percent of each full-time participant's time will be spent in educational services, where they will obtain basic skills instruction, computer skills, resume writing and how to dress to succeed training. There will also be secondary educational services and activities designed to lead to the attainment of a high school diploma or GED.

4.2.4.3 Case Management. Many low- to very low-income residents have complicated life problems to deal with. Unless these programs are managed and solutions found to life issues, residents will not succeed in the program. Therefore, each BDEC program participant will be assigned a case worker to maintain close contact with him or her and provide them with the needed support, including referrals to health and human service agencies across the region. A partnership will be developed with the UB School of Social Work to provide interns for the program, who will work under the leadership of a trained social worker.

4.2.4.4 Mentoring. Each BDEC program participant will be assigned a mentor to work with them. The purpose of the mentor will be to give advice on work opportunities, insight into the skills being learned, and to provide life chance advice and counseling.

4.2.4.5 Support Services. The support services will include childcare assistance, help with transportation, and other life chance issues.

5.0 BDEC Partnership Strategy

The BEDC is dedicated to integrating Section 3 workforce development programs with local and regional economic development priorities and activities. This will ensure that the training and placement initiatives will be of high quality targeting existing opportunities and real jobs. The BEDC will also adopt workforce development strategies that are regionally “demand driven,” where placement and training will reflect existing and emerging business and market needs. This approach will be developed through active, networking, partnering and communication with stakeholders in private industry, education and the workforce development agencies.

The BMHA’s current participation and partnership with the WDC provides readymade opportunities to introduce the BEDC and solicit the support and participation of other partnering agencies around its goals and objectives. This collaborative effort will be important in building the BEDC’s capacity to adequately fund and implement programs as well as maximize opportunities specifically for low income people. Criticisms of the existing Section 3 programs are that they have not been consistently enforced nor fully beneficial to low income people. The BEDC for the first time will bring to the WDC the advocacy needed to meet and hopefully exceed Section 3 requirements.

Created under the federal Workforce Investment Act, the Local Workforce Investment Board (WIB) is responsible for selecting service providers and funding them through the WDC as the fiscal agent. Under the WDC a “One Stop Service,” delivery system has been established to include partner agency information, service centers, affiliate service centers, workforce development resource sites, government sites and economic development agencies. In order to seek funding under this comprehensive system the BEDC

will be required to coordinate its policies and services with the WIB and its designated “One-Stop Center,” providers and other WIA activities. By joining this system the BEDC will have the opportunity to become a “One Stop Center,” dedicated to Section 3 activities at a main location and establish satellite operations at the existing “One Stop Centers.”

An important consideration in the development of the BEDC is that the main office be centrally located and accessible to the distressed community. There are many social and cultural difficulties associated with the locations and delivery of the existing services. Many of the existing workforce delivery services are not located in the community because of fear. This has resulted in people in the poorest neighborhoods having the lowest levels of use and participation in available workforce programs. Another result is that many of the existing workforce resources are largely unknown to those who have the greatest need. By locating the BEDC in the heart of the community we begin to address these issues and the community’s abandonment by reestablishing viable services and resources.

5.1 Potential Back Office Partnerships

1. Accounting

- UB School of Management
- Canisius College
- SCORE
- BMHA
- BURA
- City Comptroller’s Office

2. Procurement

- UB School of Management
- SCORE
- HUD - Buffalo Office
- ECIDA
- BMHA
- City of Buffalo
- BURA
- Erie County
- SBA – Buffalo State

3. Prospecting (Marketing)

- WDC, “One Stop System”
- Workforce Training Alliance
- Workforcesourceone
- Buffalo Urban Development Corp.
- Buffalo Works
- Buffalo Niagara Partnership
- Buffalo Niagara Enterprise
- Community based service and businesses (CAO, Buffalo Urban League, True Bethel Subway Shop)
- Faith based organizations (Jeremiah Development)

4. Legal

- UB Law School
- Legal Aide
- BMHA Attorney
- City of Buffalo Corporation Counsel
- Erie County Bar Association Pro Bono Program
- Private attorney

5. Compliance

- HUD – Buffalo Office
- SBA – Buffalo State
- HUD / Office of Fair Housing and Equal Opportunity
- NYS DOL
- City of Buffalo
- BMHA

6. Secretary Support Services

- Buffalo Employment Training Center
- Bryant and Stratton
- Temporary Labor Agencies?

7. Employee Skills Training

- ECC
- Buffalo Educational Technology Center
- Buffalo Public School System

- Habitat for Humanity
- Home Depot
- Educational Opportunity Center
- Buffalo Workforce Training Center
- NYS Employment Center
- NYS Department of Labor

6.0 BDEC Funding Strategy and Potential Funding Opportunities

The list below is a sample of potential funding sources for Section 3 programs. Several of the opportunities below have submission dates that have either closed or are within a few weeks of closing. The following sources are categorized and listed to provide an idea of the type of assistance that would be available to the BEDC.

6.1 Federal

1. American Reinvestment and Recovery Act of 2009 Economic Opportunities for Low- and Very Low-Income Persons (Section 3)

HUD received \$13.6 billion in ARRA funding, approximately \$7.8 billion or 57 percent of which is subject to the statutory and regulatory requirements of Section 3 of the Housing and Urban Development Act of 1968. The majority of Section 3 covered ARRA funding was provided under the following program areas:

- PIH Public Housing Capital Funds \$4 Billion
- Neighborhood Stabilization Program \$2 Billion
- Community Development Block Grants \$1 Billion
- Native American Housing Block Grants \$510 Million
- Assisted Housing Energy & Green Retrofits \$ 250 Million
- Lead Hazard Control \$ 78 Million (LHC Grants Only)

Section 3 Technical Assistance

2. HUD provides funding (competitive application process) to subsidize the administrative expenses associated with hiring coordinators to carry out day-to-day Section 3 responsibilities consistent with 24 CFR Part 135 for a period of one-year. Eligible projects and activities must be conducted in accordance with procedures contained in Notice of Funding Availability.

HUD obligated \$600,000.00 in FY 2010 for this program, but did not estimate any funding for this program in FY 2011. Individual awards ranged from \$50,000.00 to \$100,000.00.

3. Section 3 and the Neighborhood Stabilization Program(NSP)

Section 3 Applicability to NSP Funds

A grantee's combined investment in excess of \$200,000 of NSP funding into projects arising in connection with housing construction, demolition, rehabilitation, or other public construction makes the requirements of Section 3 applicable to all individual properties that receive services with these funds, regardless of the actual amount that is spent on each individual unit/property.

Accordingly, the grantee shall ensure compliance with the statutory and regulatory requirements of Section 3 in its own operations, and those of covered contractors. These responsibilities include:

- Making efforts to meet the minimum numerical goals found at 24 CFR Part 135.30;
- Complying with the specific responsibilities at 24 CFR Part 135.32; and
- Submitting Annual Summary reports in accordance with 24 CFR Part 135.90.

If covered contractors receive awards that exceed \$100,000 for the construction and rehabilitation activities listed above, responsibility for Section 3 compliance is shared with that firm (with the exception of the submission of the Section 3 Annual report (Form HUD 60002), which must be submitted by the direct recipient of covered funds).

If no contractor receives an award exceeding \$100,000, responsibility for complying with the requirements of Section 3 stays with the grantee. Specifically, the grantee shall be responsible for awarding 10 percent of the total dollar amount of all covered contracts to Section 3 business concerns. Each recipient shall fulfill the responsibilities described below to meet the requirements of Section 3.

4. Jobs and Contracts for Residents near HUD-funded Projects (Section 3)

6.2 State

There is a link on the New York State page of HUD's website that will connect to Jobs and Contracts for Residents near HUD-funded Projects (Section 3). Unfortunately, the website was experiencing problems and was unavailable at this time. The link to the page is below:

http://portal.hud.gov/portal/page/portal/HUD/topics/economic_development

5. New York State Department of Labor

The NYS Department of Labor lists several programs that may be useful including Employment Services and Workforce Development. Within these categories, there are opportunities for Apprenticeship Training, Business Services, and Career Services – all of which would be helpful to the BDEC.

The Division of Employment and Workforce Solutions is a Division of the New York State Department of Labor which oversees the State's One Stop System and administers a variety of employment and training programs. The One-Stop System is a collaboration of agencies, departments and organizations that are responsible for helping individuals find and keep a job. Each workforce investment area in NYS has one or more One-Stop Centers - locations that house representatives of employment, education and training programs. There is also a network of affiliated websites that make up this system.

7.0 The Implementation Strategy

The mission of the BDEC is to establish a comprehensive model for realizing the vision of HUD Section 3 by capturing business development and employment opportunities afforded to the Buffalo Municipal Housing Authority, and other HUD generated economic activities, to empower and produce self-sufficiency among public housing residents and other low- and very-low income groups within the city of Buffalo. The model features **strategic collaboration** with the University at Buffalo and other core partners along with a commitment to **rigorous evaluation** and **transparency of implementation** towards the development of a **robust and replicable model**. The proposed implementation of this project will occur in four phases (Figure 4).

7.1 Phase 1: Laying the Foundation

The first phase will consist of *laying the foundation* of the BDEC, and it will involve the completion of five tasks.

7.1.1 Building the Organizational Infrastructure. The first task involves building the organizational infrastructure, which will include the setting up of the Board of Directors and Advisory Board and the writing of organizational bylaws. It will also involve getting key staff members hired, including the executive director, administrative assistant, director of the Employee Training Program, recruitment coordinator and the *Back Office* coordinator. Lastly, at this stage, the building which houses the program will be secured and the work spaces set up.

7.1.2 Launch Marketing Plan. This task consists of recruiting a robust pool of eligible Section 3 business owners and Section 3 residents to participate in the training programs. Most important, during this period, the loaned executives and professionals willing to subcontract with the program will be identified and subcontracts developed. Strategic partnerships will be developed with other critical organizations and groups and a pool of potential investors in the program will be identified.

7.1.3 Secure Key Partners. This task centers on identifying the key partners to participate in the BDEC and the development of Memorandum of Understanding among them.

7.1.4 Establish Back Office Support. The task will involve indentifying the businesses and subcontractors that will staff the *Back Office*. The effort will involve recruiting both loaned executives and subcontractors. Additionally, during this period, the graduate interns will be recruited and aligned with the appropriate units.

7.1.5 Establish Curricula and Professional Development Offerings. The main task will be finalizing the development of the Employee Training Curriculum and developing complimentary workshops for the Section 3 component of the Allstate Minority and Women Entrepreneurs Program. Most critically, during this phase, the metrics to be used in the initial evaluation of the program will be established.

7.2 Phase 2: Implementation of Business Management and Back Office

In Phase two the principle task is enroll the business owners in the Allstate Minority and Women Emerging Entrepreneurial Program and to set up the *Back Office*. Concurrently, the Employee Training Program will be set up and the first class enrolled. During this period, the recruitment for the second class of business owners and workers will be initiated.

7.3 Phase 3: Complete Implementation Process

During this phase, the process of starting-up all programmatic activities will be completed. In addition, the staffing process will be completed and the BDEC fully operationalized.

7.4 Phase 4: Building Further Capacity for Model

In this phase, the main task will be tweak any remaining implementation issues, and then to initiate the fund raising strategy by writing grants and developing strategic partnerships. Also, based on the first set of summative evaluations, the model will be further developed.

Figure 4. Implementation Plan

Phase 1: Laying the Foundation for the BDEC

Goals	Objectives	Activities	Staff Roles
Build infrastructure	<ul style="list-style-type: none"> • Create web portal • Establish offices/space • Get key staff in place • Strategic documents • Advisory boards 	TBD	<ul style="list-style-type: none"> • Web/design consultant • Program director
Launch marketing plan	<ul style="list-style-type: none"> • Create robust pool of eligible workers and businesses to participate • Create pool of volunteers and partners interested in participating • Create pool of funders who are interested in supporting model as it evolves 	TBD	<ul style="list-style-type: none"> • Marketing consultant • Program director • Board
Secure key partners	<ul style="list-style-type: none"> • Engage organizations, businesses, and foundations with shared goals and aligned resources • Translate interest into meaningful engagement with regard to programmatic offerings 		<ul style="list-style-type: none"> • Program director • Board

<p>Establish back office support</p>	<ul style="list-style-type: none"> • Identify and clarify specific areas of need related to back office support • Engage interested partners by aligning and mobilizing their expertise • Ensure support meets needs of businesses and adds value • Oversee ongoing evaluation of back office support services 		<ul style="list-style-type: none"> • Coordinator of Support Services • Administrative support • Program director
<p>Establish curricula & professional development offerings</p>	<ul style="list-style-type: none"> • Identify and clarify specific areas of need related to training and education • Identify partners with relevant programs and resources • Develop curricula and training modules • Ensure that curricula meet needs and add value • Oversee ongoing evaluation of professional development and educational training modules 		<ul style="list-style-type: none"> • Coordinator of educational programming • Administrative support • Program director • BMHA liaison

Phase 2: Implementation of Business Supports

Goals	Objectives	Activities	Staff Roles
Full implementation of programs			Coordinator of Support Services (lead staff)- working with Program Director and consultants
Ongoing recruitment of new businesses			
Ongoing recruitment of new volunteers			
Policies and procedures for participation in and graduation from program			

Phase 3: Implementing Management Development

			Coordinator of Management Development

Phase 4: Building Further Capacity for Model

			Development Officer Grant Writer
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